

# OUTLINE OF THE MICHIGAN TAX SYSTEM\*

## CLASSIFICATION OF MICHIGAN TAXES

The Michigan system of state and local taxes contains 45 elements, including 30 identifiable taxes imposed by the state for its own use and 15 taxes imposed by or for local governments. In this report, state and local taxes are classified according to the basis of taxation:

**INCOME TAXES** — directly on or measured by the income of individuals.

**BUSINESS PRIVILEGE TAXES** — on the privilege of doing business in Michigan.

**SALES-RELATED TAXES** — on general retail sales and on transactions involving specific goods.

**PROPERTY TAXES** — on property or in lieu of property taxes.

**TRANSPORTATION TAXES** — on the direct users of transportation facilities.

<b>Basis of Taxation</b>	<b>State Taxes</b>	<b>Local Taxes</b>
<b>Income Taxes</b>	Personal Income Tax	Uniform City Income Tax
<b>Business Privilege Taxes</b>	Single Business Tax Unemployment Insurance Tax Oil and Gas Severance Tax Foreign Insurance Company Retaliatory Tax Horse Race Wagering Tax Corporate Organization Tax State Casino Gaming Tax Airport Parking Excise Tax	Accommodations (Hotel-Motel) Taxes
<b>Sales-Related Taxes</b>	Sales Tax Use Tax Tobacco Products Tax Beer Tax Wine Tax Liquor Taxes Liquor Markup	Stadium and Convention Facility Taxes Uniform City Utility Users Tax
<b>Property Taxes</b>	Utility Property Tax Estate Tax State Real Estate Transfer Tax State Education Tax	General Property Tax Ad Valorem Special Assessments Commercial Forest Tax Private Forest Tax Industrial Facilities Tax Technology Park Facilities Tax Enterprise Zone Facilities Tax Neighborhood Enterprise Zone Facilities Tax Mobile Home Trailer Coach Tax Low Grade Iron Ore Specific Tax County Real Estate Transfer Tax
<b>Transportation Taxes</b>	Gasoline Tax Diesel Fuel Tax Motor Carrier Fuel Tax Motor Carrier Privilege Tax Liquefied Petroleum Gas Tax Aviation Gasoline Tax Aircraft Weight Tax Snowmobile Registration Tax Watercraft Registration Tax Motor Vehicle Registration Tax	

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# DESCRIPTION OF MICHIGAN TAXES

## PERSONAL INCOME TAX

**Legal Citation:** M.C.L. 206.1 et seq.; M.S.A. 7.557(101) et seq.; 1967 PA 281; Sec. 7 of Art. 9, State Constitution.

**Year Adopted:** 1967

**Basis of Tax:** A direct tax on income.

**Measure of Tax (Base):** Federal adjusted gross income of individuals, estates and trusts, with certain adjustments.

*Additions* include all or part of (1) interest income from state/local obligations other than Michigan, and certain other exclusions from federal adjusted gross income; and (2) refunds received under the Michigan Education Trust Act for a terminated advance tuition payment contract.

*Subtractions* include personal and dependency exemptions indexed to inflation (\$2,900 for 2001), special exemptions for dependents (\$600 per child under 19 years of age), the handicapped, senior citizens, and certain unemployment compensation recipients. Also excluded are all or part of:

- (1) interest income from federal government obligations;
- (2) armed forces compensation;
- (3) public retirement or pension benefits; private retirement or pension benefits limited to \$34,920 for the 2000 tax year (\$69,840 for a joint return); limits are indexed each year;
- (4) political contributions up to \$50 (\$100 for a joint return);
- (5) advance tuition payments made under the State Education Trust Act;
- (6) beginning with 1998 tax year, up to \$7,500 (\$15,000 for a joint return) of interest, dividends, or capital gains earned by a senior citizen: maximum deduction reduced by pension deduction claimed;
- (7) claims for recovered assets received by Holocaust victims;
- (8) educational savings account contributions up to \$5,000 (\$10,000 for a joint return) and interest earned on those contributions;
- (9) income earned and interest, dividends, and capital gains received by residents of a renaissance zone. Special provisions exist for estates and trusts;
- (10) distribution of assets to a qualified charitable organization not more than 60 days after the taxpayer received the assets from a retirement or pension plan.

*Credits* against tax liability as follows:

(1) *Homestead property taxes.* Limited to \$1,200, figured as follows: (a) general taxpayers — 60% of taxes in excess of 3.5% of household income; (b) senior citizens, paraplegics — 100% of taxes in excess of 0 to 3.5% of household income, varying with size of household income; (c) special computations for certain servicemen, veterans or their spouses, blind persons, farmers, and senior citizens whose rent exceeds a certain percent of income.

(2) *Property taxes on rented homesteads* assumed to equal 20% of gross rent paid (10% in certain subsidized housing projects). Credit reduced by proportion of income from welfare. Credit reduced by 10% at \$73,650 income and by another 10% for each \$1,000 of income thereafter.

(3) *Farmland property taxes.* Available to farmers who have entered into an agreement not to develop their land for another use for a minimum of 10 years. For individuals, partnerships, S corporations and grantor trusts, credit is 100% of taxes in excess of 7% of household income.

(4) *City income taxes.*

<i>Tax Paid:</i>	<i>Credit Received:</i>
\$100 or less	20% of tax paid
\$100.01-\$150	\$20 plus 10% of amount over \$100
Over \$150	\$25 plus 5% of amount over \$150 (up to \$10,000)

(5) *Contributions.* Limited to lesser of 50% of qualifying gifts or \$100 (\$200 on joint returns; \$5,000 for estates or trusts): (a) Michigan colleges, universities, public broadcast stations, public libraries, artwork, state museums or archives; (b) community foundations; (c) food banks and shelters for homeless persons.

(6) Expenditures made for *rehabilitation of an historic resource.* Equal to 25% of qualified expenditures reduced by the credit received under section 47(a)(2) of the internal revenue code.

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## PERSONAL INCOME TAX (Cont.)

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(7) *Income tax paid another state.*

(8) *Home heating costs for low-income families* (excluding dependent full-time students). Credit varies with household income, number of exemptions, and heating costs.

(9) *Prescription drugs.* Maximum credit of \$600 for any amount above 5% of household income for persons 65 years of age or older whose household income does not exceed 150% of federal poverty income.

(10) *College tuition tax credit.* Limited to returns with adjusted gross income less than \$200,000. In order to qualify for the credit a Michigan college or university must not have increased tuition and fees by more than the percent increase in the United States Consumer Price Index in the previous tax year. The credit per student is the lesser of 8% of the tuition and fees paid to attend a qualifying Michigan college or university or \$375.

(11) *Adoption expenses.* Refundable credit, up to \$1,200 per child, for qualified adoption expenses.

**Rate:** 4.2% in calendar year 2000  
4.2% in calendar year 2001  
4.1% in calendar year 2002  
4.0% in calendar year 2003  
3.9% in calendar year 2004 and thereafter

**Administration:** Michigan Department of Treasury, Bureau of Revenue.

**Report and Payment:** Due April 15. Estimated tax declarations and payments due on 15th of April, June, September, and January. Balance of tax due April 15. Withholding required.

**Disposition:** General Fund, with 23% of gross collections before refunds to School Aid Fund through December 31, 1999. Beginning January 1, 2000, the percentage will rise to offset the effect of the tax rate reductions scheduled to occur for tax years 2000 through 2004. The percentages will be approximately 23.5, 24.1, 24.7, 25.3, and 25.9 in years 2000 through 2004.

**1998-99 Collections:** \$8,056,522,000 gross; \$1,117,551,000 refunds and credits; \$6,938,970,000 net.

**1998-99 Collections/Unit:** \$1,831 million per 1% gross; \$1,577 million per 1% net after refunds and credits.

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## UNIFORM CITY INCOME TAX

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**Legal Citation:** M.C.L. 141.501 et seq.; M.S.A. 5.3194(1) et seq.; 1964 PA 284.

**Year Adopted:** Uniform state law adopted in 1964. Individual cities adopted by ordinance in various years, subject to referendum upon petition of voters.

**Basis of Tax:** A direct tax on income (residents); a direct tax on earnings (nonresidents).

**Measure of Tax (Base):** (1) Compensation, net profits, investments and other income of city residents; (2) Income earned in the city by nonresidents; (3) Corporate income earned in the city (allocation based on property, sales, payroll). Personal exemption allowed by United States internal revenue code, except that by ordinance a city may adopt an exemption of not less than \$600. A resident is allowed credit for income taxes paid to another city as a nonresident. A resident may deduct certain income earned, capital gains, and lottery winnings received while a resident of a renaissance zone and a business may deduct income attributable to business activity in a renaissance zone.

**Rate:** Generally, 1% on residents and corporations; 0.5% on income of nonresidents earned in imposing city. The nonresident rate cannot exceed one-half of the resident rate. The city council in cities over 750,000 (Detroit) may impose rates of up to 2.8% on residents, 2% on corporations (currently levied at 1.9%), 1.4% on nonresidents. Rates will be further reduced over the next 8 years until the rates reach 2.0% and 1.0% respectively.

The city council in certain cities under 750,000 (Highland Park, Saginaw, and Grand Rapids) may impose rates of up to 2% on residents and corporations and 1% on nonresidents.

Rates over 1% on residents and corporations, and a city income tax imposed for the first time after January 1, 1995, must be approved by voters.

## UNIFORM CITY INCOME TAX (Cont.)

A first class school district (Detroit) having boundaries coterminous with those of a city imposing an income tax may levy an additional income tax at a rate of up to 1% on resident individuals and corporations if its property tax for operations is not more than 24.76 mills. This tax has never been levied.

**Administration:** Administrator designated by the city. Collected by city treasurer.

**Report and Payment:** Due April 30 (when tax year ends December 31). Quarterly estimates and payments due April 30, June 30, September 30, and January 31. Withholding required.

**Disposition:** General fund of the city.

**1999 Collections:**

City	Year Adopted	Rates (in %)			1999 Net Collections
		Resident	Corporation	Nonresident	
Albion	1972	1.0	1.0	0.5	\$ 1,327,125
Battle Creek	1967	1.0	1.0	0.5	13,106,057
Big Rapids	1970	1.0	1.0	0.5	1,452,930
Detroit	1962	2.8*	1.9	1.4*	352,821,846
Flint	1965	1.0	1.0	0.5	23,300,000
Grand Rapids	1967	1.3	1.3	0.65	52,788,180
Grayling	1972	1.0	1.0	0.5	290,240
Hamtramck	1962	1.0	1.0	0.5	2,510,269
Highland Park	1966	2.0	2.0	1.0	2,578,418
Hudson	1971	1.0	1.0	0.5	509,024
Ionia	1994	1.0	1.0	0.5	1,557,694
Jackson	1970	1.0	1.0	0.5	6,800,158
Lansing	1968	1.0	1.0	0.5	24,610,507
Lapeer	1967	1.0	1.0	0.5	2,318,965
Muskegon	1993	1.0	1.0	0.5	6,455,794
Muskegon Heights	1990	1.0	1.0	0.5	1,099,000
Pontiac	1968	1.0	1.0	0.5	15,336,320
Port Huron	1969	1.0	1.0	0.5	5,344,073
Portland	1969	1.0	1.0	0.5	555,665
Saginaw	1965	1.5	1.5	0.75	15,326,918
Springfield	1989	1.0	1.0	0.5	704,721
Walker	1988	1.0	1.0	0.5	6,844,587
<b>TOTAL</b>					<b>\$537,638,490</b>

\* Effective July 1, 1999. Individual rates are scheduled by law to be reduced for the next nine years to final levels of 2.0% and 1.0%.

## SINGLE BUSINESS TAX\*

**Legal Citation:** M.C.L. 208.1 et seq.; M.S.A. 7.558(1) et seq.; 1975 PA 228.

**Year Adopted:** 1975

**Basis of Tax:** Privilege of doing business in Michigan.

**Measure of Tax (Base):** A value-added type tax imposed basically on business income plus compensation paid, interest paid, and depreciation, with major deductions for new capital investments and labor intensity. For tax years beginning after December 31, 1999, the deduction for capital investments is replaced by an investment tax credit. Business conducted in the state is subject to the tax even if the business does not have a physical presence in the state.

*Adjustments to Base:*

Base begins with federal taxable income of business entity, adjusted to:

- (1) add back certain federal tax deductions (e.g., income taxes; compensation paid; depreciation; loss carryback/forward; interest, dividends, royalties paid; certain capital gains);
- (2) deduct certain items included in federal taxable income (dividends, interests, royalties received, excluding certain royalties paid by television broadcasters and by theaters to film distributors; certain capital losses);

\* The Single Business Tax replaced eight previous taxes including an income tax on corporations and financial institutions, an annual corporation franchise fee, the business portion of the intangibles tax, the property tax on inventories, and various privilege taxes on savings and loans and domestic insurance companies.

## SINGLE BUSINESS TAX (Cont.)

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(3) add the loss or deduct the gain attributable to another taxable business, to the extent included in federal taxable income;

(4) add rent paid or deduct rent received if attributable to a sale/lease-back arrangement for federal income tax purposes only.

### *Apportionment:*

Entire tax base is allocated to Michigan if business activity is confined to the state. For businesses with multi-state activity, the apportionment formula is: sales 70%, property 15%, and payroll 15%, with exceptions for certain types of businesses.

### *Adjustments to Apportioned Tax Base:*

Thereafter, base is adjusted by:

(1) deductions for capital expenditures on tangible assets located in Michigan only (apportioned in the same manner as tax base); and

(2) additions for proceeds from disposition of such assets. Sale/lease-back arrangements for federal income tax purposes only are excluded from such adjustments. If adjustment yields a negative result, the loss can be applied against tax base for up to 10 years following.

### *Exemptions are allowed for:*

(1) first \$45,000 of tax base, plus up to \$48,000 for partnerships and small corporations, with reductions as income rises;

(2) governmental agencies;

(3) most "persons" exempt from federal income taxes;

(4) nonprofit cooperative housing corporations;

(5) portion of disability insurance premiums of insurers;

(6) agricultural producers;

(7) sales of nursery stock (trees, shrubs, plants) grown by the seller to a nursery dealer;

(8) certain revenues and expenses of farmers' cooperatives;

(9) foreign truck drivers.

### *Exclusions are allowed:*

(1) if adjusted base exceeds 50% of gross receipts plus certain adjustments;

(2) if compensation paid exceeds 63% of tax base.

### *Credits are allowed for:*

(1) up to 100% of tax liability for small businesses with low profits;

(2) up to 20% of tax liability for "Subchapter S" corporations and unincorporated businesses;

(3) 5% of state property taxes on state assessed utilities;

(4) 50% of certain contributions up to a limit;

(5) federal unemployment penalty taxes paid by new Michigan employers;

(6) amounts paid for worker's compensation supplemental cost of living payments;

(7) business activity in certain areas related to high technology, or in an enterprise zone or renaissance zone;

(8) 50% of investments in certain minority venture capital companies;

(9) investment and job creation as determined by Michigan economic growth authority. This credit expires December 31, 2003;

(10) apprenticeship training;

(11) 10% of investments in brownfield redevelopment zones;

(12) 25% of qualified expenditures made for rehabilitation of an historic resource;

(13) 0.85% of the capital expenditures physically located in the state adjusted down by the proportion of the SBT rate in effect in the year of the capital expenditure divided by the pre-1999 rate of 2.3%.

### **Rate:**

2.2%; alternative tax of 2% of adjusted business income for eligible small businesses; insurance companies are subject to a tax of 1.30% of adjusted receipts. Rate reductions of one-tenth of a percentage point per year will occur until the tax is eliminated. The insurance companies tax is reduced in proportion to the reductions in the SBT rate. The alternative tax is not directly affected by the rate reduction.

### **Administration:**

Michigan Department of Treasury, Bureau of Revenue.

## SINGLE BUSINESS TAX (Cont.)

<b>Report and Payment:</b>	Due April 30. Estimated quarterly returns and payments due last day of April, July, October, and January if estimated liability for year is over \$600 or if expected adjustments for capital acquisitions or dispositions exceed \$100,000; due dates adjusted for taxpayers with fiscal year other than calendar year. A taxpayer with annualized apportioned gross receipts of less than \$250,000 need not file a return.
<b>Disposition:</b>	100% to General Fund.
<b>1998-99 Collections:</b>	\$2,653,846,000 gross; \$232,854,000 refunds; \$2,420,992,000 net. Excludes tax paid by insurance companies.
<b>1998-99 Collections/Unit:</b>	\$1,193 million per 1% gross; \$1,088 million per 1% net after refunds and credits.

## UNEMPLOYMENT INSURANCE TAX

<b>Legal Citation:</b>	M.C.L. 421.1 et seq.; M.S.A. 17.501; 1936 PA 1 (Extra Session).												
<b>Year Adopted:</b>	1936												
<b>Basis of Tax:</b>	To provide for an Unemployment Insurance Fund.												
<b>Measure of Tax (Base):</b>	Wages paid per covered employee up to a limit of \$9,500 or wages equal to the federal unemployment tax base if higher.												
<b>Rate:</b>	<p>Basic rate is 2.7% on new employers other than construction contractors, who pay the average construction contractor rate. Rate for established employers (after 2 years' experience) may vary from 0.1% to 12%, depending on the employer's experience rating and solvency of the fund. Total tax rate calculation is based on the following components:</p> <p>(1) <i>Nonchargeable benefit component (NBC)</i>: a rate of 0.1-1% to cover certain pooled costs. The 1% rate is charged to employers with recent claims filed against their accounts. If employers' CBC rate (see below) is less than 0.2% or if they have not had any benefit charges over a number of consecutive years, this rate can be reduced in accordance with the following schedule:</p> <table><thead><tr><th><i>If Number of Consecutive Years Without Claims Is</i></th><th><i>Rate Is</i></th></tr></thead><tbody><tr><td>5 (or if CBC rate is less than 0.2%)</td><td>0.5%</td></tr><tr><td>6</td><td>0.4%</td></tr><tr><td>7</td><td>0.3%</td></tr><tr><td>8</td><td>0.2%</td></tr><tr><td>9</td><td>0.1%</td></tr></tbody></table> <p>(2) <i>Experience Account</i>, which has two parts:</p> <p>(a) <i>Chargeable Benefit Component (CBC)</i>, a rate of 0-6% measured by the "benefit ratio" (benefits charged to employer's account in the last 5 years as a percent of employer's taxable wages in those years).</p> <p>(b) <i>Account Building Component (ABC)</i>, a rate of 0-3% based on a "reserve ratio" deficiency (amount by which an employer's actual reserve falls below 3.75% of total payroll). If overall trust fund balance is at least 1.875% of all contributing employers' payrolls, employer's deficiency, as defined above, is multiplied by 0.25, not to exceed a 2% rate. Otherwise, employer's deficiency is multiplied by 0.5, not to exceed a 3% rate.</p> <p>If overall trust fund balance is 1.2% of all contributing employer's payrolls, all fully experience-rated employers (after 4 years' experience) receive a rate reduction of the greater of 10% or 0.1 percentage points in the rate determined by components (1) and (2) above.</p> <p>(3) <i>Solvency Tax</i>, a rate of 0-2% based on a "reserve ratio" deficiency, imposed only on "negative balance" employers (those with deficit in experience account as of prior June 30) and only during years when the fund has interest-bearing loans outstanding.</p>	<i>If Number of Consecutive Years Without Claims Is</i>	<i>Rate Is</i>	5 (or if CBC rate is less than 0.2%)	0.5%	6	0.4%	7	0.3%	8	0.2%	9	0.1%
<i>If Number of Consecutive Years Without Claims Is</i>	<i>Rate Is</i>												
5 (or if CBC rate is less than 0.2%)	0.5%												
6	0.4%												
7	0.3%												
8	0.2%												
9	0.1%												
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Michigan Unemployment Agency (UA).												
<b>Report and Payment:</b>	By Unemployment Agency regulation — currently quarterly.												
<b>Disposition:</b>	Deposited with UA for transfer to U.S. Treasury to establish pool for payment of unemployment insurance benefits, except for solvency tax which goes to contingency fund in state treasury.												
<b>1998-99 Collections:</b>	\$987,000,000												

## OIL AND GAS SEVERANCE TAX

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<b>Legal Citation:</b>	M.C.L. 205.301 et seq.; M.S.A. 7.351 et seq.; 1929 PA 48.
<b>Year Adopted:</b>	1929
<b>Basis of Tax:</b>	Privilege of producing oil and gas.
<b>Measure of Tax (Base):</b>	Gross cash market value of oil and gas severed. Exemption for certain hydrocarbon fuels qualifying for federal tax credits and acquired pursuant to royalty interests sold by the state.
<b>Rate:</b>	Oil — 6.6%; Gas — 5%; Stripper wells and marginal properties — 4%.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 25th of each month.
<b>Disposition:</b>	General Fund; the greater of 2% or \$1 million to Orphan Well Fund if unexpended balance in that fund is less than \$3 million.
<b>1998-99 Collections:</b>	\$23,924,000

## FOREIGN INSURANCE COMPANY RETALIATORY TAX

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<b>Legal Citation:</b>	M.C.L. 500.440a-500.476c; M.S.A. 24.1440(1)-24.1476(3); 1956 PA 218.
<b>Year Adopted:</b>	1869
<b>Basis of Tax:</b>	Privilege of transacting business in Michigan.
<b>Measure of Tax (Base):</b>	Gross premiums of out-of-state insurance companies, with certain exclusions.
<b>Rate:</b>	Foreign insurers, an amount equal to taxes and other costs which would be imposed upon a Michigan insurer doing business in the foreign insurer's state or taxation imposed by the SBT, whichever is higher; unauthorized insurers, 2%.
<b>Administration:</b>	Retaliatory Tax — Michigan Department of Treasury, Bureau of Revenue. Unauthorized insurers — Michigan Department of Consumer and Industry Services, Insurance Bureau.
<b>Report and Payment:</b>	Estimated quarterly payments due before April 30, July 31, October 31, January 31; report and additional amounts due before March 1 for preceding calendar year.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$191,702,000. Includes Single Business Tax paid by insurance companies.

## HORSE RACE WAGERING TAX

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<b>Legal Citation:</b>	M.C.L. 431.301-431.336; M.S.A. 18.966(301)-18.966(336); 1995 PA 279.
<b>Year Adopted:</b>	1933
<b>Basis of Tax:</b>	Privilege of engaging in interstate and inter-track horse race simulcast wagering.
<b>Measure of Tax (Base):</b>	Amounts wagered by pari-mutuel methods on interstate and inter-track simulcasts of thoroughbred, standardbred, quarter horse, Appaloosa, and Arabian horse racing.
<b>Rate:</b>	3.5%
<b>Administration:</b>	Michigan Department of Agriculture, Racing Commissioner.
<b>Report and Payment:</b>	Licensee makes daily remittance with detailed statement.
<b>Disposition:</b>	Agriculture Equine Industry Development Fund.
<b>1998-99 Collections:</b>	\$13,275,000

## CORPORATE ORGANIZATION TAX

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<b>Legal Citation:</b>	M.C.L. 450.2062; M.S.A. 21.200(1062); 1972 PA 284.
<b>Year Adopted:</b>	1891
<b>Basis of Tax:</b>	Privilege of incorporating, renewing, and exercising franchise.
<b>Measure of Tax (Base):</b>	Domestic — authorized capital stock; Foreign — capital stock attributable to Michigan.
<b>Rate:</b>	Domestic — \$50 initially for first 60,000 shares (and \$30 for each additional 20,000 shares and with increase in stock); Foreign — \$50 initially for shares deemed attributable to Michigan (\$30 for each 20,000 share increase in stock).
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Corporation, Securities, and Land Development Bureau.
<b>Report and Payment:</b>	Due at time of incorporation, admission, or increase in stock.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$11,681,000

## STATE CASINO GAMING TAX

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<b>Legal Citation:</b>	M.C.L. 432.201-432.216; M.S.A. 18.969(201)-18.969(216); Initiated Law of 1996.
<b>Year Adopted:</b>	1996
<b>Basis of Tax:</b>	Privilege of operating a casino in the City of Detroit.
<b>Measure of Tax (Base):</b>	Adjusted gross receipts received by a gaming licensee.
<b>Rate:</b>	18%. This can be levied as a state tax or individually as a state tax (at the rate of 8.1%) and a local tax (at the rate of 9.9%). Detroit imposes a tax, so the latter approach is used.
<b>Administration:</b>	Michigan Department of Treasury, Michigan Gaming Control Board.
<b>Report and Payment:</b>	Due daily.
<b>Disposition:</b>	55% of 18% tax or 100% of revenue from 9.9% tax to City of Detroit; 45% of 18% tax or 100% of revenue from 8.1% tax to School Aid Fund.
<b>1998-99 Collections:</b>	N/A (Reporting not permitted because only one casino was in operation).

## AIRPORT PARKING EXCISE TAX

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<b>Legal Citation:</b>	M.C.L. 207.371-207.383; M.S.A. 7.559(101)-7.559(113); 1987 PA 248.
<b>Year Adopted:</b>	1987
<b>Basis of Tax:</b>	Privilege of providing public parking at a "regional" airport. The latter term refers to an airport which services 4,000,000 or more enplanements annually (Detroit Metropolitan Wayne County Airport).
<b>Measure of Tax (Base):</b>	Amount charged for parking.
<b>Rate:</b>	30%
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due at same time and manner as Use Tax.
<b>Disposition:</b>	Airport Parking Fund.
<b>1998-99 Collections:</b>	\$14,667,000

## ACCOMMODATIONS (HOTEL-MOTEL) TAX\*

<b>Legal Citation:</b>	M.C.L. 141.861 et seq.; M.S.A. 5.3194(371) et seq.; 1974 PA 263. M.C.L. 207.621-207.640; M.S.A. 7.559(21)-7.559(40); 1985 PA 106.									
<b>Year Adopted:</b>	1974 (enabling act for certain counties under 600,000 which may adopt by ordinance). 1985 (for certain counties over 600,000).									
<b>Basis of Tax:</b>	Privilege of engaging in business of providing accommodations.									
<b>Measure of Tax (Base):</b>	In counties under 600,000 and with a city over 40,000: amount charged transient guests for lodging in any hotel/motel. In counties over 600,000 (Wayne, Oakland, and Macomb) and with a 350,000 sq. ft. convention facility and/or 2,000 rooms: amount charged transient guests for lodging in a hotel/motel of over 80 rooms.									
<b>Rate:</b>	In counties under 600,000: not more than 5%, as determined by county. <i>In counties over 600,000:</i> <table><thead><tr><th><i>No. Rooms Available</i></th><th><i>"Qualified Governmental Unit" (Detroit)</i></th><th><i>Other Governmental Units (Wayne, Oakland, Macomb)</i></th></tr></thead><tbody><tr><td>81-160</td><td>3%</td><td>1.5%</td></tr><tr><td>161 or more</td><td>6%</td><td>5.0%</td></tr></tbody></table>	<i>No. Rooms Available</i>	<i>"Qualified Governmental Unit" (Detroit)</i>	<i>Other Governmental Units (Wayne, Oakland, Macomb)</i>	81-160	3%	1.5%	161 or more	6%	5.0%
<i>No. Rooms Available</i>	<i>"Qualified Governmental Unit" (Detroit)</i>	<i>Other Governmental Units (Wayne, Oakland, Macomb)</i>								
81-160	3%	1.5%								
161 or more	6%	5.0%								
<b>Administration:</b>	In counties under 600,000: determined by county; collected by county treasurer. In counties over 600,000: Michigan Department of Treasury, Bureau of Revenue.									
<b>Report and Payment:</b>	In counties under 600,000: determined by county. In counties over 600,000: same as Use Tax.									
<b>Disposition:</b>	In counties under 600,000: special fund for use by county or authority organized under state law. In counties over 600,000: Convention Facility Development Fund for distribution to units of local government. Fiscal-year end excess to General Fund for distribution to qualified units of local government.									
<b>1998-99 Collections:</b>	\$16,593,000 (1985 PA 106 only).									

\* Accommodations also are taxed under the Use Tax. See page 972.

## SALES TAX

<b>Legal Citation:</b>	M.C.L. 205.51 et seq.; M.S.A. 7.521 et seq.; 1933 PA 167; Sec. 8 of Art. 9, State Constitution.
<b>Year Adopted:</b>	1933
<b>Basis of Tax:</b>	Privilege of selling at retail.
<b>Measure of Tax (Base):</b>	Gross proceeds from retail sale of tangible personal property for use or consumption. Also includes certain conditional and installment lease sales; sales to consumers of electricity, gas, and steam; and sales to persons in real estate construction and improvement business. Certain sales with the following characteristics are exempt from taxation, as follows: <i>Exemptions based on status of purchaser:</i> <ul style="list-style-type: none"><li>• property not purchased for resale by various nonprofit organizations and used primarily to carry out the organization's purposes;</li><li>• property sold to churches for noncommercial purposes and certain vans and buses used to transport persons for religious purposes;</li><li>• food sold to enrolled students by an educational institution not operated for profit;</li><li>• property affixed to the real estate of nonprofit hospitals and nonprofit housing;</li><li>• certain property sold to commercial radio and television station licensees;</li><li>• vehicles not purchased for resale which are used by nonprofit corporations organized exclusively to provide a community with ambulance or fire department service;</li><li>• property purchased with scrip by inmates in correctional or penal institutions;</li><li>• textbooks sold by a school to kindergarten through 12th grade students;</li><li>• vehicles which are purchased by nonresident active military personnel for titling in his or her home state;</li><li>• property purchased for use in a "qualified business activity" as defined in the Enterprise Zone Act;</li></ul>

## SALES TAX (Cont.)

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- property sold to certain businesses engaged in a high technology activity;
- property sold to the federal government or to an instrumentality thereof;
- tangible personal property for fund-raising purposes purchased by certain nonprofit organizations with calendar year sales of less than \$5,000;
- trucks and trailers owned by motor carriers engaged in interstate commerce to the extent of out-of-state usage;
- passenger or cargo aircraft with a certified takeoff weight of at least 6,000 pounds, or parts and materials (except shop equipment or fuel) sold to a domestic air carrier;
- employees of restaurants for food provided by their employer.

### *Exemptions based on items purchased:*

- copyrighted motion picture films, newspapers, and periodicals classified as second class mail;
- hearing aids, contact lenses if prescribed for a specific disease precluding the use of eyeglasses, prosthetic devices, and eyeglasses prescribed by an ophthalmologist, optometrist, or optician;
- prescription drugs for human use;
- food for human use not prepared for immediate consumption;
- beverage containers to the extent of any deposits;
- railroad cars, locomotives, and accessories;
- vehicles to the extent of any refund of the purchase price because the vehicle is returned pursuant to the automobile lemon law;
- commercial advertising elements;
- non-alcoholic beverages in sealed containers or food not artificially heated or cooled that are sold from a mobile facility or vending machine, except fresh fruit; tax may be paid on either sales of nonexempt vended food or sum of 45% of all vended sales other than carbonated beverages;
- water delivered through water mains or in bulk tanks in amounts over 500 gallons;
- personal property for resale, for lease if rental receipts are subject to Use Tax, and for demonstration purposes;
- partial exemption (from two percentage points of the tax rate): sales for residential use of electricity, natural gas, and home heating fuel;
- investment coins and bullion.

### *Exemptions based on transaction type:*

- certain food or tangible personal property purchased with federal food stamps;
- property which is part of a drop shipment;
- property which results in uncollectible debt;

### *Exemptions based on status of seller:*

- certain vending machine merchandise to the extent of any commissions paid to certain tax-exempt organizations;
- property on an isolated basis by property owners not required to have Sales Tax license;

### *Exemptions based on the use of the property or service:*

- tangible personal property purchased by a person engaged in constructing, altering, repairing, or improving real estate if it is to be affixed or made a structural part of a sanctuary;
- specially-ordered commercial vessels of at least 500 tons engaged in interstate commerce and fuel, provisions, and supplies therefor;
- property used in production of horticultural or agricultural products as a business enterprise;
- property used or consumed in industrial processing;
- certain property used to provide any combination of telecommunications services which are subject to the Michigan Use Tax;
- certain products, equipment, machinery, and utilities used or consumed by an industrial laundry;
- grain drying equipment and natural or propane gas used to fuel the equipment for agricultural purposes;
- computer equipment for data transfer by companies whose business includes publishing doctoral dissertations and information archiving and sells the majority of its products to nonprofit organizations exempt from federal income tax.

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## SALES TAX (Cont.)

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<b>Rate:</b>	6% (state constitutional limitation). The Sales Tax can be considered two taxes, a 4% tax and a 2% tax. The 4% tax is established by law within the confines of a 4% limitation placed in the State Constitution. These percentage points are expressed as the maximum rate that may be set by the legislature. The voters approved the remaining 2% tax rate in 1994. Because the State Constitution states that this additional tax <i>shall be imposed</i> , the 2% tax is the minimum rate that must be levied by the legislature.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Most taxpayers: payment is due by 15th day of month following sale, with discount for early remittance.  Very large taxpayers (those with sales tax liability, or use tax liability, or both, of \$720,000 or more during the prior calendar year): make two payments each month. Unlike most taxpayers, both payments are related to the sales of the current month. The first payment is due by the 15th of the month and is equal to the lesser of (a) 50% of the tax liability for the same month in the prior calendar year or (b) 50% of actual liability for current month reported, plus a reconciliation payment equal to the difference between previous month's liability minus tax already paid for that month. The second payment is due by the last day of the month and is equal to the lesser of (a) 50% of the tax liability for the same month in the prior calendar year or (b) 50% of actual liability for current month reported.
<b>Disposition:</b>	73.3% to School Aid Fund; 23.7% to units of local; 1.7% to General Fund; and 1.3% to Comprehensive Transportation Fund.*
<b>1998-99 Collections:</b>	\$5,918,067,000
<b>1998-99 Collections/Unit:</b>	\$986 million per 1%

\* The 6% Sales Tax rate consists of a 4% rate, which took effect in 1960, and an additional rate of 2%. Sixty percent of the revenue from the 4% rate, together with 100% of the revenue from the additional rate of 2% (60% of 4% plus 100% of 2% equals 73.3%) is constitutionally dedicated to the School Aid Fund. Another 35.6% (15% constitutionally, 20.6% statutorily (21.3% when lag in payment schedule is accounted for)) of the revenue from the 4% rate only (35.6% of 4% plus 0% of 2% equals 23.7%) is dedicated to cities, villages, and townships for revenue sharing.

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## USE TAX

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<b>Legal Citation:</b>	M.C.L. 205.91 et seq.; M.S.A. 7.555(1) et seq.; 1937 PA 94; Sec. 8 of Art. 9, State Constitution.
<b>Year Adopted:</b>	1937
<b>Basis of Tax:</b>	Privilege of using, storing, and consuming certain tangible personal property, plus the services of telephone, telegraph, and other leased wire communications; used auto sales between individuals; and use of transient hotel and motel rooms. Designed to complement the Sales, Mobile Home Trailer Coach, Aircraft Weight, Watercraft Registration, and Snowmobile Registration Taxes.
<b>Measure of Tax (Base):</b>	Purchase price of tangible personal property or service. Certain sales with the following characteristics is exempt from taxation, as follows:  <i>Exemptions based on status of purchaser:</i> <ul style="list-style-type: none"><li>• property purchased for resale, for demonstration, or for lend-lease to a public or parochial school offering drivers education;</li><li>• property of a nonresident brought into Michigan on a temporary basis and not used in nontransitory business activity for a period exceeding 15 days;</li><li>• property sold to the federal government or to an instrumentality thereof, the American Red Cross and its chapters and branches, and departments, institutions, or subdivisions of state government;</li><li>• property sold to nonprofit organizations used primarily for the organization's purposes;</li><li>• property sold to churches for noncommercial purposes and certain vans and buses used to transport persons for religious purposes;</li><li>• certain property sold to commercial radio and television station licensees;</li></ul>

## USE TAX (Cont.)

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- vehicles purchased in another state by nonresident active military personnel and upon which a sales tax was paid in the other state;
- vehicles not purchased for resale which are used by nonprofit corporations organized exclusively to provide a community with ambulance or fire department service;
- property donated by a manufacturer to certain tax exempt organizations;
- property purchased by a specified relative of seller;
- parts, excluding shop equipment and fuel, affixed to certain passenger and cargo aircraft owned or used by a domestic air carrier;
- the storage, use, or consumption of certain trucks, trailers, and parts affixed thereto used by interstate motor carriers;
- the storage, use, or consumption of a passenger or cargo aircraft purchased by, or leased to, a domestic air carrier with a maximum certified takeoff weight of at least 6,000 pounds;
- employees of restaurants for food provided by their employer;

### *Exemptions based on item purchased:*

- property which Michigan is prohibited by federal law from taxing;
- copyrighted motion picture films, newspapers and periodicals classified as second class mail;
- vehicles purchased in another state and delivered to Michigan or purchased in Michigan but for use outside Michigan;
- hearing aids, contact lenses if prescribed for a specific disease precluding the use of eyeglasses, prosthetic devices, and eyeglasses prescribed by an ophthalmologist, optometrist, or optician;
- water delivered through water mains or bulk tanks of at least 500 gallons;
- certain components of water and air pollution control facilities;
- aircraft operating under a federal certificate which have a maximum takeoff weight of at least 12,500 pounds and used solely to transport cargo or commercial passengers;
- railroad cars, locomotives, and accessories;
- certain property purchased for resale as promotional merchandise;
- prescription drugs for human use;
- food for human use not prepared for immediate consumption;
- deposits on returnable beverage containers;
- international and WATS line telephone calls;
- commercial advertising elements;
- assessments for hotel or motel rooms imposed pursuant to accommodations taxes;
- partial exemption (from two percentage points of the tax rate): consumption for residential use of electricity, natural gas, and home heating fuel;
- prepaid telephone cards, prepaid authorization numbers, and charge for Internet access;
- storage, use, and consumption of investment coins and bullion;

### *Exemptions based on transaction type:*

- property upon which the Michigan Sales Tax has been paid;
- property upon which sales or use tax was paid in another state or local unit of another state if that tax was at least equal to the Michigan use tax and the other state has a reciprocal exemption for Michigan taxes paid;
- property, possession of which was taken outside Michigan and the value of which does not exceed \$10 during one calendar month;
- certain food or tangible personal property purchased with federal food stamps;

### *Exemptions based on the use of the property or service:*

- tangible personal property purchased by a person engaged in constructing, altering, repairing, or improving real estate if it is to be affixed or made a structural part of a sanctuary;
- property used in production of horticultural or agricultural products as a business enterprise;
- property used or consumed in industrial processing;
- specially-ordered commercial vessels of at least 500 tons engaged in interstate commerce, and fuel, provisions, and supplies therefor;

## USE TAX (Cont.)

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- certain machinery and equipment used to provide any combination of telecommunications services;
- certain products, equipment, machinery, and utilities used or consumed by an industrial laundry after December 31, 1997;
- computer equipment for data transfer by companies whose business includes publishing doctoral dissertations and information archiving and sells the majority of its products to nonprofit organizations exempt from the federal income tax.

**Rate:** 6% (state constitutional limitation). Like the Sales Tax, the Use Tax can be considered two different taxes. The 4% tax was established by law to parallel the Sales Tax rate. The voters approved the remaining 2% tax rate in 1994. Because the State Constitution states that this additional tax *shall be imposed*, the 2% tax is the minimum rate that must be levied by the legislature.

**Administration:** Michigan Department of Treasury, Bureau of Revenue.

**Report and Payment:** Most taxpayers: payment is due by 15th day of month following sale, with discount for early remittance.

Very large taxpayers (those with sales tax liability, or use tax liability, or both, of \$720,000 or more during the prior calendar year): make two payments each month. Unlike most taxpayers, both payments are related to the sales of the current month. The first payment is due by the 15th of the month and is equal to the lesser of (a) 50% of the tax liability for the same month in the prior calendar year or (b) 50% of actual liability for current month reported, plus a reconciliation payment equal to the difference between previous month's liability minus tax already paid for that month. The second payment is due by the last day of the month and is equal to the lesser of (a) 50% of the tax liability for the same month in the prior calendar year or (b) 50% of actual liability for current month reported.

**Disposition:** 67% to General Fund; 33% to School Aid Fund.\*

**1998-99 Collections:** \$1,293,931,000

**1998-99 Collections/Unit:** \$216 million per 1%

\* The 6% use tax rate consists of a 4% rate, which took effect in 1960, and an additional rate of 2%, which took effect in 1994. One hundred percent of the revenue from the 4% rate (100% of 4% plus 0% of 2% equals 67%) is statutorily dedicated to the General Fund. In addition, 100% of the revenue from the additional rate of 2% (0% of 4% plus 100% of 2% equals 33%) is constitutionally dedicated to the School Aid Fund.

## TOBACCO PRODUCTS TAX

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**Legal Citation:** M.C.L. 205.421 et seq.; M.S.A. 7.411(31) et seq.; 1993 PA 327.

**Year Adopted:** 1993. The former cigarette tax (1947 PA 265) was repealed as of May 1, 1994.

**Basis of Tax:** Privilege of selling tobacco products.

**Measure of Tax (Base):** Tobacco products sold in Michigan.

**Rate:** Cigarettes: 37.5 mills per cigarette (75 cents per pack); cigars, non-cigarette smoking tobacco, and smokeless tobacco: 16% of wholesale price.

**Administration:** Michigan Department of Treasury, Bureau of Revenue.

**Report and Payment:** Due by 20th of each month.

**Disposition:** Cigarette proceeds:  
63.4% to School Aid Fund,  
25.3% to General Fund,  
6% to Healthy Michigan Fund, and  
5.3% to Health and Safety Fund.

Cigar, non-cigarette smoking tobacco, and smokeless tobacco proceeds:  
94% to School Aid Fund,  
6% to Healthy Michigan Fund.

**1998-99 Collections:** \$613,724,000

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## BEER TAX

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<b>Legal Citation:</b>	M.C.L. 436.1409; M.S.A. 18.1175(409); 1998 PA 58.
<b>Year Adopted:</b>	1933. The former statute (1933 PA 8 (Extra Session)) was repealed and replaced by 1998 PA 58.
<b>Basis of Tax:</b>	Privilege of manufacturing and selling beer.
<b>Measure of Tax (Base):</b>	Beer manufactured or sold in Michigan; credit for beer shipped out of state for sale and consumption or sold to a military installation or an Indian reservation; exemption for beer consumed on manufacturing premises or damaged and not offered for sale.
<b>Rate:</b>	\$6.30 per barrel, with \$2 per barrel credit for brewers producing less than 20,000 barrels annually.
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
<b>Report and Payment:</b>	Due by 8th of each month.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$42,000,000
<b>1998-99 Collections/Unit:</b>	\$6.7 million per \$1

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## WINE TAX

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<b>Legal Citation:</b>	M.C.L. 436.1301; M.S.A. 18.1175(301); 1998 PA 58.
<b>Year Adopted:</b>	1933. The former statute (1933 PA 8 (Extra Session)) was repealed and replaced by 1998 PA 58.
<b>Basis of Tax:</b>	Privilege of manufacturing and selling wine.
<b>Measure of Tax (Base):</b>	Wine sold in Michigan; credit for wine shipped out of state for sale and consumption or sold to a military installation or an Indian reservation; exemption for sacramental wine used by churches.
<b>Rate:</b>	Wines made from imported grapes/fruit: 13.5 cents per liter if 16% alcohol or less; 20 cents per liter if over 16% alcohol. Wines made in Michigan from domestic grapes/fruit: 1 cent per liter; mixed spirit drinks: 48 cents per liter.
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
<b>Report and Payment:</b>	Due by 15th of each month.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$7,294,427

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## LIQUOR TAX

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<b>Legal Citation:</b>	M.C.L. 436.2201-436.2207; M.S.A. 18.1175(1201)-18.1175(1207); 1998 PA 58.
<b>Year Adopted:</b>	1957, 1959, 1972, and 1985. The former statutes (1959 PA 94; 1962 PA 218; 1972 PA 213; and 1985 PA 107) were repealed and replaced by 1998 PA 58.
<b>Basis of Tax:</b>	Privilege of selling spirits.
<b>Measure of Tax (Base):</b>	Retail selling price of spirits.
<b>Rate:</b>	On premise consumption, 12%; off premise consumption, 13.85%.
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
<b>Report and Payment:</b>	By Commission regulation.

## LIQUOR TAX (Cont.)

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<b>Disposition:</b>	4% — General Fund;
	4% — School Aid Fund;
	1.85% — Liquor Purchase Revolving Fund; for distribution to local governments;
	4% — Convention Facility Development.
<b>1998-99 Collections:</b>	4% \$26,139,000
	4% 25,434,000
	1.85% 9,304,000
	4% <u>25,461,000</u>
	TOTAL \$86,338,000
<b>1998-99 Collections/Unit:</b>	4% \$6.5 million/1%
	4% \$6.3 million/1%
	1.85% \$5.0 million/1%
	4% \$6.4 million/1%

## LIQUOR MARKUP TAX

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<b>Legal Citation:</b>	M.C.L. 436.1233; M.S.A. 18.1175(233); 1998 PA 58.
<b>Year Adopted:</b>	1933. The former statute (1933 PA 8 (Extra Session)) was repealed and replaced by 1998 PA 58.
<b>Basis of Tax:</b>	State profit from sale and distribution of alcoholic liquor.
<b>Measure of Tax (Base):</b>	Wholesale price of liquor.
<b>Rate:</b>	Uniform prices are established by the Liquor Control Commission that will return a gross profit of at least 51% and not more than 65%. Currently, the full 65% markup from cost is applied to set the retail price of the liquor. A discount of 17% is deducted from the price to establish the cost of the liquor for retail sales outlets.
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
<b>Report and Payment:</b>	Subject to general business practices regarding the wholesaling of the merchandise and remittance of the State's gross profit.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$92,042,782

## STADIUM AND CONVENTION FACILITY TAX

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<b>Legal Citation:</b>	M.C.L. 207.751-207.759; M.S.A. 7.559(1)-7.559(9); 1991 PA 180.
<b>Year Adopted:</b>	1991. Selected cities and counties may adopt by ordinance upon approval by voters. Wayne County voters approved the tax, on hotels and automobile leasing companies only, in November 1996.
<b>Basis of Tax:</b>	Privilege of operating restaurants, hotels and automobile leasing companies.
<b>Measure of Tax (Base):</b>	Gross receipts of restaurants, hotels and automobile leasing companies in selected municipalities.
<b>Rate:</b>	Restaurants and hotels, not to exceed 1%; automobile leasing companies, not to exceed 2%.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue upon agreement with municipality.
<b>Report and Payment:</b>	To be determined by ordinance.
<b>Disposition:</b>	Special fund of municipality.
<b>1998-99 Collections:</b>	\$16,593,000

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## UNIFORM CITY UTILITY USERS TAX

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<b>Legal Citation:</b>	M.C.L. 141.1151 et seq.; M.S.A. 5.3188(251); 1990 PA 100.
<b>Year Adopted:</b>	1990. Originally enacted as 1970 PA 198 but expired on June 30, 1988.
<b>Basis of Tax:</b>	Privilege of consuming public telephone, electric, steam, or gas services in a city of 750,000 or more (Detroit). Exemption for facility located in a renaissance zone.
<b>Rate:</b>	To be established by increments of one-fourth of 1%, not to exceed a maximum rate of 5%. Rate reduced by increments of one-fourth of 1% for each full 5% by which revenues exceed \$45 million, unless such amounts are dedicated to hire and retain additional police officers.
<b>Administration:</b>	Administrator designated by the city. Collected by the city treasurer.
<b>Report and Payment:</b>	Due by last day of month. Annual return due by end of fourth month following end of tax year.
<b>Disposition:</b>	To hire police officers.
<b>1998-99 Collections:</b>	\$49,009,458
<b>1998-99 Collections/Unit:</b>	\$9.8 million/1%

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## UTILITY PROPERTY TAX

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<b>Legal Citation:</b>	M.C.L. 207.1 et seq.; M.S.A. 7.251 et seq.; 1905 PA 282; Sec. 5 of Art. 9, State Constitution.
<b>Year Adopted:</b>	1905
<b>Basis of Tax:</b>	In lieu of other general property taxes.
<b>Measure of Tax (Base):</b>	Taxable value of all property of telephone and telegraph, railroad, car loaning, sleeping car, and express car companies including franchise owned and used in connection with doing business in Michigan. Railroads receive credit equal to 25% of expenditures for maintenance and improvement of rights-of-way in Michigan, if certain conditions are met.
<b>Rate:</b>	Average statewide general property tax paid by other business property in preceding calendar year.
<b>Administration:</b>	<i>Assessment:</i> Michigan Department of Treasury, State Tax Commission. <i>Collection:</i> Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Report due March 31. Tax due July 1 or 1/2 by August 1 and the rest by December 1.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$214,286,000

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## ESTATE TAX

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<b>Legal Citation:</b>	M.C.L. 205.201 et seq.; M.S.A. 7.561 et seq.; 1899 PA 188.
<b>Year Adopted:</b>	1899 (referred to as Inheritance Tax until amended by 1993 PA 54).
<b>Basis of Tax:</b>	Privilege of transferring an interest in the property of a decedent.
<b>Measure of Tax (Base):</b>	Gross estate as determined under federal internal revenue code.
<b>Rate:</b>	Tax imposed up to maximum allowable federal credit for state inheritance taxes paid.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by same date as federal estate tax.
<b>Disposition:</b>	General Fund.
<b>1998-99 Collections:</b>	\$175,275,000

## STATE REAL ESTATE TRANSFER TAX

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<b>Legal Citation:</b>	M.C.L. 207.521 et seq.; M.S.A. 7.456(21) et seq.; 1993 PA 330.
<b>Year Adopted:</b>	1993
<b>Basis of Tax:</b>	Privilege of transferring interests in real property.
<b>Measure of Tax (Base):</b>	Fair market value of written instrument by which property is transferred. <i>Exemptions:</i> written instruments involving the following: (1) transfers of less than \$100; (2) transfers of land outside Michigan; (3) transfers which the state is prohibited by federal law from taxing; (4) security or an assignment or discharge of a security interest; (5) transfers evidencing a leasehold interest; (6) personal property; (7) transfers of interests for underground gas storage purposes; (8) transfers where a governmental unit is the grantor; (9) transfers involving foreclosure by a governmental unit; (10) certain interspousal transfers; (11) transfers ordered by a court if no consideration is ordered; (12) transfers to straighten boundary lines if no consideration is paid; (13) transfers to correct a title flaw; (14) land contracts in which title does not pass until full consideration is paid; (15) transfers of mineral rights; (16) creation of joint tenancies if at least one joint tenant already owned the property; (17) sales agreements entered into before enactment of the tax; (18) transfers to persons considered to be "single employers" under the internal revenue code; (19) transfers to a bankruptcy trustee, receiver, or administrator; (20) transfers between religious societies of property exempt from property taxes; (21) transfers from one religious institution to another religious institution.
<b>Rate:</b>	\$3.75 per \$500 (0.75 percent) or fraction thereof of total value.
<b>Administration:</b>	<i>Collection:</i> County Treasurer. <i>Supervision:</i> Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 15th of each month.
<b>Disposition:</b>	School Aid Fund.
<b>1998-99 Collections:</b>	\$253,813,000

## STATE EDUCATION TAX

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<b>Legal Citation:</b>	M.C.L. 211.901 et seq.; M.S.A. 7.557(31) et seq.; 1993 PA 331.
<b>Year Adopted:</b>	1993
<b>Basis of Tax:</b>	Same as General Property Tax.
<b>Measure of Tax (Base):</b>	Same as General Property Tax.
<b>Rate:</b>	6 mills.
<b>Administration:</b>	<i>Collection:</i> Township, city, and county treasurers. <i>Supervision:</i> Michigan Department of Treasury.
<b>Report and Payment:</b>	Same as General Property Tax.
<b>Disposition:</b>	School Aid Fund.
<b>1998-99 Collections:</b>	\$1,245,055,000
<b>1998-99 Collections/Unit:</b>	\$208 million per mill

# GENERAL PROPERTY TAX

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<b>Legal Citation:</b>	M.C.L. 211.1 et seq.; M.S.A. 7.1 et seq.; 1893 PA 206; Secs. 3 and 6 of Art. 9, State Constitution.
<b>Year Adopted:</b>	Territorial Act
<b>Basis of Tax:</b>	Real and personal property not otherwise exempted.
<b>Measure of Tax (Base):</b>	<p>Taxable value, which cannot increase in any one year by more than the lesser of 5% or inflation, excluding additions and losses. When transferred, property is reassessed in accordance with state equalized valuation which equals 50% of true cash value. The assessment for agricultural property being transferred between owners will remain capped if the new owner keeps the property in agricultural use for at least seven years from the date of transfer. If the property ceases to be agricultural property within the seven-year period, the property's assessment will be adjusted to reflect the property's state equalized valuation.</p> <p>Numerous <i>exemptions</i> exist, notably:</p> <ol style="list-style-type: none"><li>(1) certain property owned by nonprofit religious, charitable, or educational organizations;</li><li>(2) government property;</li><li>(3) property subject to specific state taxes (e.g., railroad and telephone property, intangibles, motor vehicles);</li><li>(4) property subject to specific local taxes in lieu of property taxation, such as commercial forest land; mobile homes; low-grade iron ore; certified industrial, commercial, technological, commercial housing facilities;</li><li>(5) certain household property, personal business property and mechanic's tools;</li><li>(6) personal property used in agricultural operations;</li><li>(7) inventory property;</li><li>(8) special manufacturing tools (dies, jigs, fixtures, molds, etc.);</li><li>(9) solar, water or wind energy conversion devices (pre-1984);</li><li>(10) property in transit located in a public warehouse, dock or port facility;</li><li>(11) property located in a renaissance zone, except for the portion of tax attributable to special assessments, taxes levied for the payment of general obligation bonds, intermediate-school-districtwide enhancement mills and local school district sinking fund millages. Credits for property taxes paid: see Personal Income Tax.</li></ol>
<b>Rate:</b>	<p>Varies by local unit, but certain statewide constitutional and statutory restrictions exist. The rate may not exceed 15 mills (\$15 per \$1,000) or 18 mills in counties with separate, voter-fixed allocations for all jurisdictions. (These limitations were reduced by the number of mills allocated to local school districts in 1993, after which local school districts may not receive allocated millage.)</p> <p>The foregoing limitations may be increased up to 50 mills with voter approval. Excluded from these limitations are:</p> <ol style="list-style-type: none"><li>(1) Debt service taxes for all full faith and credit obligations of local units (after December 22, 1978, this exclusion applies only for obligations approved by voters);</li><li>(2) Taxes imposed by units having separate tax limitations provided by charter or general law (cities, villages, charter townships, and charter counties);</li><li>(3) Taxes imposed by certain districts or authorities having separate limits (e.g., charter water authorities, port districts, metropolitan districts, and downtown development authorities);</li><li>(4) Certain taxes imposed by municipalities for special purposes (garbage services, library services, services to the aged, and police and fire pension funding).</li></ol> <p>The state constitutional tax limitation amendment of 1978 (Headlee) requires a taxing jurisdiction to roll back maximum authorized rates if the state equalized value, excluding new construction, increases faster than the rate of inflation, and state law requires a rate rollback to offset assessment increases (which the governing body can overcome by vote). Local school district operating taxes are limited to the lesser of 18 mills or the 1993 millage rate. Homestead and qualified agricultural property is exempt from this millage. However, school districts with a 1994-1995 per pupil foundation allowance of over \$6,500 may reduce the exemption on homestead and qualified agricultural property by the number of mills necessary to raise that portion of their per pupil foundation allowance over \$6,500 and, if necessary, also may levy additional mills on all property to generate that per pupil dollar amount. In addition, voters in intermediate school districts may approve up to 3 additional mills for operating purposes. In calendar year 1998, the state average millage rate, including the 6-mill state education tax, was 39.27 mills.</p>

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## GENERAL PROPERTY TAX (Cont.)

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**Administration:** Property assessed by city and township assessors; values equalized by county and state among six classifications of real property (residential, commercial, industrial, developmental, agricultural, and timber cutover) plus personal property. Collection by township, city, and village treasurers. Delinquent taxes on real property collected by county treasurers (except in Detroit and Kalamazoo).

**Report and Payment:** Township and county taxes due December 1. School taxes due December 1, unless school board elects to make all or one-half due July 1. City and village taxes due in accordance with charters.

**Disposition:** As locally determined. The state reimburses local governments for certain lands controlled by the Michigan Department of Natural Resources, in lieu of property taxes (often called "the swamp tax"); this reimbursement is equal to \$2.00 an acre. (M.C.L. 324.2150; M.S.A. 13A.2150).

**1998-99 Collections:**

	1998 Levy	
School*	\$3,626,994,000	50.67%
City	1,655,571,000	23.13
County	1,356,051,000	18.94
Township	454,170,000	6.34
Village	65,753,000	0.92
Total Levy	\$7,158,539,000	100.00

**1998 Collections/Unit:** \$215 million per mill (1998 Levy)

\* Includes local school districts, intermediate school districts, and community colleges.

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## AD VALOREM SPECIAL ASSESSMENTS TAX

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**Legal Citation:** M.C.L. 41.801; M.S.A. 5.2640(1); 1951 PA 33.

**Year Adopted:** 1951

**Basis of Tax:** Real property. Unit of government may impose assessment on property exempt from general property tax.

**Measure of Tax (Base):** Taxable value of the real property subject to the assessment. Property that is exempt from the general property tax, such as religious, charitable, or educational property is not exempt from the base of special assessments unless the statute authorizing the special assessment so provides.

**Rate:** Determined as a rate by dividing the cost of the public improvement or service being financed by the taxable value of the special assessment district, which may be the entire unit of government in the case of Act 33 purposes. Limited to 10 mills for equipment, no limit for operations.

**Administration:** Same as General Property Tax.

**Report and Payment:** Same as General Property Tax.

**Disposition:** Locally determined. Used to finance infrastructure improvements creating benefits for specific properties in a unit. Used to finance cost of services such as police and fire protection for an entire unit of local government and be levied uniformly across the entire unit.

**1998 Collections:** \$69,092,000 from unit-wide special assessments.\*

\* Compiled by State Tax Commission from 1998 Supplementary Assessment Reports.

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## COMMERCIAL FOREST TAX

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**Legal Citation:** M.C.L. 324.51101-324.51120; M.S.A. 13A.51101-13A.51120; 1995 PA 57.

**Year Adopted:** 1925. The former statute (1925 PA 94) was repealed and replaced by 1995 PA 57.

**Basis of Tax:** In lieu of general property taxation.

**Measure of Tax (Base):** Lands placed in commercial forest reserve and cash value of timber thereon (generally, 40-acre minimum).

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## COMMERCIAL FOREST TAX (Cont.)

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<b>Rate:</b>	<i>Specific:</i> \$1.10 per acre (state also pays \$1.20 per acre to each county within which acreage is located). <i>Withdrawal:</i> \$1.00 per acre application fee, plus per acre penalty equal to per acre average ad valorem tax on timber cutover real property in the township where the property is located times the number of years (to a maximum of 7 years or 15 years, depending upon when the property was determined to be commercial forest) that the property was subject to the tax.
<b>Administration:</b>	Michigan Department of Natural Resources; Township Assessors, Township and County Treasurers.
<b>Report and Payment:</b>	<i>Specific:</i> with property tax; Stumpage: Feb. 28, Aug. 31; <i>Withdrawal:</i> with application to withdraw.
<b>Disposition:</b>	Distributed to local units in same proportion as General Property Tax except that school operating portion is paid to School Aid Fund.

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## PRIVATE FOREST TAX

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<b>Legal Citation:</b>	M.C.L. 324.51301 et seq.; M.S.A. 13A.51301; 1995 PA 57.
<b>Year Adopted:</b>	1917. The former statute (1917 PA 86) was repealed and replaced by 1995 PA 57.
<b>Basics of Tax:</b>	In lieu of general property taxation.
<b>Measure of Tax (Base):</b>	Lands placed in private forest reserve and cash value of timber thereon (40-acre maximum).
<b>Rate:</b>	<i>Specific:</i> \$1 per acre; Stumpage: 5% of value of timber cut; <i>Withdrawal:</i> 5% of value of timber on the stump.
<b>Administration:</b>	Michigan Department of Natural Resources; Township Assessors, Township and County Treasurers.
<b>Report and Payment:</b>	<i>Specific:</i> with property tax; Stumpage: when cut; <i>Withdrawal:</i> upon withdrawing.
<b>Disposition:</b>	Distributed to local units in same proportion as General Property Tax except that school operating portion is paid to School Aid Fund.

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## INDUSTRIAL FACILITIES TAX

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<b>Legal Citation:</b>	M.C.L. 207.551 et seq.; M.S.A. 7.800(1) et seq.; 1974 PA 198.
<b>Year Adopted:</b>	1974
<b>Basics of Tax:</b>	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within plant rehabilitation or industrial development districts.
<b>Measure of Tax (Base):</b>	<i>Restored or replacement facility:</i> taxable value of facility, excluding land and inventory, in year prior to granting of exemption certificate. <i>New or speculative facility:</i> current taxable value of facility, excluding land and inventory. Partial exemption for facility located in a renaissance zone.
<b>Rate:</b>	<i>Restored facility:</i> same as the local property tax rate. <i>New or replacement facility:</i> (if granted before January 1, 1994) 1/2 of 1993 school operating taxes plus 1/2 of other property taxes except state education tax; (if granted after December 31, 1993) 1/2 of all taxes other than state education tax plus the state education tax. Certificate applicants and the granting municipality must enter into an agreement before the State Tax Commission can approve an exemption certificate.
<b>Administration:</b>	Same as General Property Tax. Local legislative body and State Tax Commission must approve issuance of certificate with concurrence of Michigan Strategic Fund.
<b>Report and Payment:</b>	Same as General Property Tax.
<b>Disposition:</b>	Distributed on same basis as General Property Tax except that all or part of school district share is credited to the School Aid Fund.

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## TECHNOLOGY PARK FACILITIES TAX

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<b>Legal Citation:</b>	M.C.L. 207.701 et seq.; M.S.A. 7.800(101) et seq.; 1984 PA 385.
<b>Year Adopted:</b>	1984
<b>Basis of Tax:</b>	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within technology park districts. Partial exemption for facility located in a renaissance zone.
<b>Measure of Tax (Base):</b>	Current state-equalized value of the facility, excluding land.
<b>Rate:</b>	1/2 of 1993 school operating taxes plus 1/2 of other property taxes, except state education tax.
<b>Administration:</b>	Same as General Property Tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired on December 31, 1993, but an exemption then in effect continues until expiration of certificate.
<b>Report and Payment:</b>	Same as General Property Tax.
<b>Disposition:</b>	Same as Industrial Facilities Tax.

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## ENTERPRISE ZONE FACILITIES TAX

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<b>Legal Citation:</b>	M.C.L. 125.2101 et seq.; M.S.A. 3.540(301) et seq.; 1985 PA 224.
<b>Year Adopted:</b>	1985
<b>Basis of Tax:</b>	In lieu of general property taxation for up to 10 years after a business is certified as a qualified business.
<b>Measure of Tax (Base):</b>	State-equalized value of real and personal property of a qualified business exclusive of exemptions. Partial exemption for facility located in a renaissance zone.
<b>Rate:</b>	<i>Qualified business:</i> 1/2 the statewide average property tax rate on commercial, industrial, and utility property. <i>Certain other business:</i> the local property tax rate, with credits that can reduce rate to statewide average property tax rate.
<b>Administration:</b>	Issuance of certification requires approval of Michigan Enterprise Zone Authority.
<b>Report and Payment:</b>	Same as General Property Tax.
<b>Disposition:</b>	To the local unit in which such property is located, with certain exceptions.

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## NEIGHBORHOOD ENTERPRISE ZONE FACILITIES TAX

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<b>Legal Citation:</b>	M.C.L. 207.771 et seq.; M.S.A. 7.800(171) et seq.; 1992 PA 147.
<b>Year Adopted:</b>	1992
<b>Basis of Tax:</b>	In lieu of general property taxation for up to 12 years after rehabilitation or completion of facility granted exemption. Partial exemption for facility located in a renaissance zone.
<b>Measure of Tax (Base):</b>	<i>Rehabilitated facility:</i> state-equalized value of facility in year prior to granting of exemption certificate, excluding land. <i>New facility:</i> state-equalized value of facility.
<b>Rate:</b>	<i>New or rehabilitated facility: Homesteads:</i> 1/2 of the state average rate paid by other homestead or qualified agricultural property. <i>Nonhomesteads:</i> 1/2 the state average rate paid by other commercial, industrial, and utility property.
<b>Administration:</b>	Same as General Property Tax.
<b>Report and Payment:</b>	Same as General Property Tax.
<b>Disposition:</b>	Same as Industrial Facilities Tax.

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## MOBILE HOME TRAILER COACH TAX

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<b>Legal Citation:</b>	M.C.L. 125.1041; M.S.A. 5.278(71); 1959 PA 243.
<b>Year Adopted:</b>	1959
<b>Basis of Tax:</b>	In lieu of general property taxation.
<b>Measure of Tax (Base):</b>	Occupied trailer coaches (including mobile homes) in licensed trailer coach parks.
<b>Rate:</b>	\$3 per month per occupied trailer coach.
<b>Administration:</b>	Township or city treasurer.
<b>Report and Payment:</b>	Due each month.
<b>Disposition:</b>	\$2 per coach to School Aid Fund; 50 cents per coach to counties and municipalities, respectively.

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## LOW GRADE IRON ORE SPECIFIC TAX

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<b>Legal Citation:</b>	M.C.L. 211.621 et seq.; M.S.A. 13.157(1) et seq.; 1951 PA 77.
<b>Year Adopted:</b>	1951
<b>Basis of Tax:</b>	In lieu of general property taxation.
<b>Measure of Tax (Base):</b>	Rated annual capacity of production and treatment plant, and gross ton value of ore.
<b>Rate:</b>	<i>Prior to full production:</i> rated annual capacity times 0.55% of value per gross ton, times percent completion of plant. <i>Subsequently:</i> 5-year average production times 1.1% of value per gross ton.
<b>Administration:</b>	<i>Assessment:</i> Township or city assessor; Michigan Department of Natural Resources, Geological Division. <i>Collection:</i> Township or city treasurer.
<b>Report and Payment:</b>	Same as General Property Tax.
<b>Disposition:</b>	Distributed to local units in same proportion as General Property Tax except that school portion is paid to School Aid Fund.

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## COUNTY REAL ESTATE TRANSFER TAX

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<b>Legal Citation:</b>	M.C.L. 207.501 et seq.; M.S.A. 7.456(1) et seq.; 1966 PA 134.
<b>Year Adopted:</b>	1966
<b>Basis of Tax:</b>	Privilege of transferring any interest in real property.
<b>Measure of Tax (Base):</b>	Fair market value of written instrument. Numerous exemptions including transfers of less than \$100, instruments where a government is seller or grantor, certain conveyances between spouses, transfers of mineral rights.
<b>Rate:</b>	55 cents per \$500 (0.11%) or fraction thereof of total value. Wayne County is statutorily authorized to impose a rate of 75 cents per \$500 (0.15%), but voter approval is required. It currently levies the tax at a rate of 0.11%.
<b>Administration:</b>	<i>Supervision:</i> Michigan Department of Treasury. <i>Collection:</i> Treasurer of county in which transfer occurs.
<b>Report and Payment:</b>	Due when transaction is recorded.
<b>Disposition:</b>	General fund of county in which tax is collected.

## GASOLINE TAX

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<b>Legal Citation:</b>	M.C.L. 207.101 et seq.; M.S.A. 7.291 et seq.; 1927 PA 150; Sec. 9 of Art. 9, State Constitution.
<b>Year Adopted:</b>	1925
<b>Basis of Tax:</b>	Privilege of using highways.
<b>Measure of Tax (Base):</b>	Gasoline sold or used in operating vehicles on public highways. <i>Exemption</i> for gasoline used in (1) vehicles owned by state or federal government; (2) vehicles owned or leased and operated by units of local government; (3) school buses owned and operated by private nonprofit parochial, or denominational schools, colleges, or universities. <i>Refund</i> of tax on gasoline purchased for (1) a purpose other than operation of a vehicle on public highways; (2) five or more person capacity vehicles operated under a municipal franchise; (3) passenger vehicles used to transport schoolchildren; (4) community action agencies.
<b>Rate:</b>	19 cents per gallon.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 20th of each month.
<b>Disposition:</b>	Michigan Transportation Fund; 2% to Recreation Improvement Fund; \$5 million to Critical Bridge Fund; \$3 million to Rail Grade Crossing Account; Transportation Economic Development Fund; 10% earmarked to Comprehensive Transportation Fund; of remainder, 39.1% to State Trunkline Fund; 39.1% to county road commissions; 21.8% to cities and villages.
<b>1998-99 Collections:</b>	\$924,454,000
<b>1998-99 Collections/Unit:</b>	\$48.7 million per 1 cent.

## DIESEL FUEL TAX

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<b>Legal Citation:</b>	M.C.L. 207.121 et seq.; M.S.A. 7.316(1) et seq.; 7.340(1) et seq.; 1951 PA 54.
<b>Year Adopted:</b>	1947
<b>Basis of Tax:</b>	Privilege of using highways.
<b>Measure of Tax (Base):</b>	Diesel fuel sold or used in operating vehicles on public highways. <i>Exemption</i> for diesel fuel used in or for (1) vehicles owned by the state or federal government; (2) vehicles owned or leased and operated by units of local government; (3) school buses owned and operated by private nonprofit parochial, or denominational schools, colleges, or universities; (4) off-highway use; (5) home heating oil; (6) export; (7) as other than motor fuel; (8) for use in trains. <i>Refund</i> of tax on diesel fuel purchased for use in ten or more person capacity vehicles operated under a municipal franchise.
<b>Rate:</b>	15 cents per gallon with discount of 6 cents for vehicles taxed under the Motor Carriers Fuel Tax.

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## **DIESEL FUEL TAX (Cont.)**

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<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 20th of each month.
<b>Disposition:</b>	Michigan Transportation Fund (See Gasoline Tax).
<b>1998-99 Collections:</b>	\$132,707,000

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## **MOTOR CARRIER FUEL TAX**

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<b>Legal Citation:</b>	M.C.L. 207.211 et seq.; M.S.A. 7.340(1) et seq.; 1980 PA 119.
<b>Year Adopted:</b>	1980
<b>Basis of Tax:</b>	Privilege of using Michigan highways.
<b>Measure of Tax (Base):</b>	Motor fuel consumed in operating vehicles on public highways.
<b>Rate:</b>	21 cents per gallon with a 15 cent credit for fuel purchased in Michigan. (Note: motor carriers taxed under this act are also taxed under the Diesel Fuel Tax for a net total tax rate of 15 cents per gallon.)
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 20th of month quarterly.
<b>Disposition:</b>	Michigan Transportation Fund (See Gasoline Tax).
<b>1998-99 Collections:</b>	\$46,697,000

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## **MOTOR CARRIER PRIVILEGE TAX**

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<b>Legal Citation:</b>	M.C.L. 478.1-478.7; M.S.A. 22.560-22.565(1); 1923 PA 254.
<b>Year Adopted:</b>	1923
<b>Basis of Tax:</b>	Privilege of using highways.
<b>Measure of Tax (Base):</b>	Vehicles operated on highways by common and contract carriers.
<b>Rate:</b>	\$50 per vehicle for trucks or tractors used exclusively for transporting household goods. \$100 per vehicle for all others.
<b>Administration:</b>	Michigan Department of Consumer and Industry Services, Public Service Commission; certain fees, Michigan Department of State Police.
<b>Report and Payment:</b>	Due annually by December 1.
<b>Disposition:</b>	Michigan Transportation Fund; certain fees, Truck Safety Fund.
<b>1998-99 Collections:</b>	\$4,816,000

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## **LIQUEFIED PETROLEUM GAS TAX**

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<b>Legal Citation:</b>	M.C.L. 207.151 et seq.; M.S.A. 7.317(1) et seq.; 1953 PA 147.
<b>Year Adopted:</b>	1953
<b>Basis of Tax:</b>	Privilege of using highways.
<b>Measure of Tax (Base):</b>	Liquefied petroleum gas sold or used in operating vehicles on public highways.
<b>Rate:</b>	15 cents per gallon.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 20th of each month.
<b>Disposition:</b>	Michigan Transportation Fund.
<b>1998-99 Collections:</b>	\$951,000
<b>1998-99 Collections/Unit:</b>	\$63,400 per 1 cent.

## AVIATION GASOLINE TAX

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<b>Legal Citation:</b>	M.C.L. 259.203; M.S.A. 10.303; 1945 PA 327.
<b>Year Adopted:</b>	1929
<b>Basis of Tax:</b>	Privilege of using aviation facilities.
<b>Measure of Tax (Base):</b>	Fuel sold or used for propelling aircraft.
<b>Rate:</b>	3 cents per gallon. Refund of 1.5 cents per gallon to airline operators on interstate scheduled operations.
<b>Administration:</b>	Michigan Department of Treasury, Bureau of Revenue.
<b>Report and Payment:</b>	Due by 20th of each month.
<b>Disposition:</b>	Aeronautics Fund.
<b>1998-99 Collections:</b>	\$8,525,000

## AIRCRAFT WEIGHT TAX

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<b>Legal Citation:</b>	M.C.L. 259.77; M.S.A. 10.177; 1945 PA 327.
<b>Year Adopted:</b>	1923
<b>Basis of Tax:</b>	In lieu of all other general property taxes on aircraft.
<b>Measure of Tax (Base):</b>	The greater of maximum gross weight or maximum takeoff weight. Many exemptions exist.
<b>Rate:</b>	1 cent per pound.
<b>Administration:</b>	Michigan Department of Transportation, Aeronautics Commission.
<b>Report and Payment:</b>	Due by each August 1st.
<b>Disposition:</b>	Aeronautics Fund.
<b>1998-99 Collections:</b>	\$253,000

## SNOWMOBILE REGISTRATION TAX

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<b>Legal Citation:</b>	M.C.L. 257.1504; M.S.A. 9.3200; 1968 PA 74.
<b>Year Adopted:</b>	1968
<b>Basis of Tax:</b>	Required registration by owner of each snowmobile in state.
<b>Measure of Tax (Base):</b>	Each snowmobile considered a separate unit subject to registration.
<b>Rate:</b>	Registration for 3-year period, rate is \$22.00.
<b>Administration:</b>	<i>Collection:</i> Michigan Department of State. <i>Enforcement:</i> Michigan Department of Natural Resources, county sheriffs.
<b>Report and Payment:</b>	Due by October 1 every three years.
<b>Disposition:</b>	General Fund. Not less than 50% of registration receipts appropriated to the Department of Natural Resources for planning, construction, maintenance, and acquisition of trails for snowmobile use.
<b>1998-99 Collections:</b>	\$1,204,000

## WATERCRAFT REGISTRATION TAX

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<b>Legal Citation:</b>	M.C.L. 324.80115-324.80128; M.S.A. 13A.80115-13A.80128; 1995 PA 58.
<b>Year Adopted:</b>	1967. The former statute (1967 PA 303) was repealed and replaced by 1995 PA 58.
<b>Basis of Tax:</b>	In lieu of General Property Tax for privilege of operating motorboats and other vessels on Michigan waters.
<b>Measure of Tax (Base):</b>	Length of boat. Exemptions for lifeboats; hand-propelled vessels 16 feet or less; nonmotorized canoes not used for rental or commercial purposes, all-terrain vehicles; rafts, surfboards, swim floats; vessels used temporarily on state waters.

## WATERCRAFT REGISTRATION TAX (Cont.)

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<b>Rate:</b>	Registration for 3-year period. Rates for motorboats (in feet): Under 12, \$ 14                      28-less than 35, \$168 12-less than 16, \$ 17                35-less than 42, \$244 16-less than 21, \$ 42                42-less than 50, \$280 21-less than 28, \$115                50 or more, \$448  Separate rates for pontoon boats and motorized canoes, non-powered vessels 12 feet or over, and vessels carrying freight and passengers for hire.
<b>Administration:</b>	<i>Collection:</i> Michigan Department of State. <i>Enforcement:</i> Michigan Department of Natural Resources, county sheriffs.
<b>Report and Payment:</b>	Due by each January 1.
<b>Disposition:</b>	17.5% to State Waterways Fund; 33.5% to Harbor Development Fund; 49% to Marine Safety Fund.
<b>1998-99 Collections:</b>	\$10,418,000

## MOTOR VEHICLE REGISTRATION TAX

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<b>Legal Citation:</b>	M.C.L. 257.801-257.810; M.S.A. 9.2501-9.2510; 1949 PA 300.																																				
<b>Year Adopted:</b>	1905																																				
<b>Basics of Tax:</b>	In lieu of general property and other taxes.																																				
<b>Measure of Tax (Base):</b>	Weight of vehicle — or the type or sales price of vehicle. Elected gross vehicle weight (the empty weight of a vehicle or combination of vehicles plus the weight of the maximum load the owner has elected to carry) for large trucks.																																				
<b>Rate:</b>	<ol style="list-style-type: none"><li><i>Personal passenger vehicles purchased new, or vehicles of the 1984 model year or later which are subsequently resold as used</i>, are assessed on the following schedule:<table><thead><tr><th>Base List Price</th><th>Tax in 1st Year of Ownership</th></tr></thead><tbody><tr><td>Up to \$6,000</td><td>\$30</td></tr><tr><td>\$6,001 to \$7,000</td><td>\$33</td></tr><tr><td>\$7,001 to \$30,000</td><td>\$33, plus \$5 for each \$1,000 above \$7,000 base list price.</td></tr><tr><td>More than \$30,000</td><td>0.5% of base list price.</td></tr></tbody></table><p>The above rates are adjusted annually in accordance with increase in state personal income. During the 2nd, 3rd, and 4th years, the tax on such vehicles is reduced by 10% from the prior year's level and remains constant thereafter.</p><p>Additional charges and service fees are levied for special plates bearing insignia (e.g., military veterans) and pictorial scenes of state significance (e.g., the Mackinac Bridge). Also, plates bearing special messages and nicknames ("vanity plates") are available at additional cost.</p><p><i>Pickup trucks and vans under 5,000 lb., passenger cars, and motor homes purchased before October 1, 1983</i> are assessed on the basis of the following schedule in lieu of a value tax:</p><table><tbody><tr><td>0-3,000 lb. \$29</td><td>5,501-6,000 lb. \$57</td><td>8,501- 9,000 lb. \$86</td></tr><tr><td>3,001-3,500 lb. \$32</td><td>6,001-6,500 lb. \$62</td><td>9,001- 9,500 lb. \$91</td></tr><tr><td>3,501-4,000 lb. \$37</td><td>6,501-7,000 lb. \$67</td><td>9,501-10,000 lb. \$95</td></tr><tr><td>4,001-4,500 lb. \$43</td><td>7,001-7,500 lb. \$71</td><td>Over 10,000 lb. add \$0.90/100 lb.</td></tr><tr><td>4,501-5,000 lb. \$47</td><td>7,501-8,000 lb. \$77</td><td></td></tr><tr><td>5,001-5,500 lb. \$52</td><td>8,001-8,500 lb. \$81</td><td></td></tr></tbody></table></li><li>Varied rates for <i>specialized vehicles</i> such as buses and taxicabs, motorcycles, certain farm equipment, ambulances and hearses, moving vans.</li><li><i>Commercial pickup trucks under 5,000 lb.:</i> 0-4,000 lb. \$39; 4,001-4,500 lb. \$44; 4,501-5,000 lb. \$49.</li><li><i>Trucks weighing 8,000 lb. or less and tow trucks</i> (\$38 minimum; fee per 100 lb.):<table><tbody><tr><td>0-2,500 lb. \$1.40</td><td>8,001-10,000 lb. \$3.25</td></tr><tr><td>2,501-4,000 lb. \$1.76</td><td>10,001-15,000 lb. \$3.77</td></tr><tr><td>4,001-6,000 lb. \$2.20</td><td>Over 15,000 lb. \$4.39</td></tr><tr><td>6,001-8,000 lb. \$2.72</td><td></td></tr></tbody></table></li></ol>	Base List Price	Tax in 1st Year of Ownership	Up to \$6,000	\$30	\$6,001 to \$7,000	\$33	\$7,001 to \$30,000	\$33, plus \$5 for each \$1,000 above \$7,000 base list price.	More than \$30,000	0.5% of base list price.	0-3,000 lb. \$29	5,501-6,000 lb. \$57	8,501- 9,000 lb. \$86	3,001-3,500 lb. \$32	6,001-6,500 lb. \$62	9,001- 9,500 lb. \$91	3,501-4,000 lb. \$37	6,501-7,000 lb. \$67	9,501-10,000 lb. \$95	4,001-4,500 lb. \$43	7,001-7,500 lb. \$71	Over 10,000 lb. add \$0.90/100 lb.	4,501-5,000 lb. \$47	7,501-8,000 lb. \$77		5,001-5,500 lb. \$52	8,001-8,500 lb. \$81		0-2,500 lb. \$1.40	8,001-10,000 lb. \$3.25	2,501-4,000 lb. \$1.76	10,001-15,000 lb. \$3.77	4,001-6,000 lb. \$2.20	Over 15,000 lb. \$4.39	6,001-8,000 lb. \$2.72	
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## MOTOR VEHICLE REGISTRATION TAX (Cont.)

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5. For trucks weighing 8,000 lb. or less towing a trailer or for trucks weighing 8,001 lb. and over, road tractors, and truck tractors, a flat fee on elected gross weight (shown here in lbs.):

0-24,000:	\$491	66,001-72,000:	\$1,529
24,001-26,000:	\$558	72,001-80,000:	\$1,660
26,001-28,000:	\$558	80,001-90,000:	\$1,793
28,001-32,000:	\$649	90,001-100,000:	\$2,002
32,001-36,000:	\$744	100,001-115,000:	\$2,223
36,001-42,000:	\$874	115,001-130,000:	\$2,448
42,001-48,000:	\$1,005	130,001-145,000:	\$2,670
48,001-54,000:	\$1,135	145,001-160,000:	\$2,894
54,001-60,000:	\$1,268	Over 160,000:	\$3,117
60,001-66,000:	\$1,398		

**Administration:** Michigan Department of State; certain fees, Michigan Department of Natural Resources.

**Report and Payment:** Registration expires annually on owner's birthday, except for certain commercial vehicles and trailers owned by "persons" other than individuals (last day of Feb.), for motorcycles (March 31), and for historic vehicles (on April 15 in the 5th year after the date of issue). Tax due with new registration.

**Disposition:** Michigan Transportation Fund; certain fees, Scrap Tire Regulation Fund.

**1998-99 Collections:** \$709,661,000

Source: *Outline of the Michigan Tax System (20th ed.)*, Report No. 327, Citizens Research Council of Michigan, Detroit, Michigan (October 1999).